

DISTRIBUTION AND EXHIBITION IN FRENCH UNION OF AMERICAN MOTION PICTURE FILMS

Agreement signed at Paris September 16, 1948, with annexes

Effective July 1, 1948

Expired July 1, 1952

62 Stat. 3001; Treaties and Other
International Acts Series 1841

JOINT DECLARATION OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FRENCH REPUBLIC ON MOTION PICTURES

The Government of the United States of America and the Government of the French Republic have, at the request of the latter, reexamined certain questions relating to the distribution and exhibition in the French Union of American motion picture films, and, in particular, the Franco-American Motion Picture Understanding of May 28, 1946.¹ During these conversations, the specific problems relating to the distribution and exhibition of American films in the French Union have been discussed in the light of the special conditions facing the French Government resulting from its external financial position and balance of payments and other postwar problems of economic adjustment. These conversations have taken place with due regard for the relevant provisions of the international conventions and agreements to which both Governments are parties.

I

The French Government has informed the Government of the United States of America that in view of the current situation in the French film industry it is necessary to increase the screen time reserved to films of national origin. The Franco-American Motion Picture Understanding of May 28, 1946, having expired in accordance with the provisions therein, the French Government has decided, consistent with Article IV of the General Agreement on Tariffs and Trade of October 30, 1947,² to reserve five weeks per quarter for the exhibition of French films, except as otherwise noted (Annex A).

¹ TIAS 1928, *ante*, p. 1162.

² TIAS 1700, *ante*, vol. 4, p. 646.

II

The French Government has decided to make certain modifications in its administrative regulations regarding the two-year rule, fifteen-situations restriction and allocation of raw stock (Annexes B, C and D).

III

In view of the current French external financial situation and balance of payments, the French Government has decided to institute a distribution quota system (applicable to imported films which are dubbed in France for distribution in the French Union) which it considers to be within the provisions of Articles XII and XIII of the General Agreement on Tariffs and Trade. Recognizing its obligations under the above-mentioned Articles of the General Agreement, the French Government undertakes to relax progressively the restriction referred to in this paragraph as its balance of payments situation improves and to eliminate the restriction when conditions no longer justify its maintenance (Annex E).

The Government of the United States of America takes note of this decision of the French Government without prejudice to any rights which the United States Government may have under the General Agreement with respect to any action which the French Government may take to implement this decision.

IV

The two Governments have reached a mutually satisfactory understanding with respect to the financial problems arising from the distribution and exhibition in the French Union of American films (Annex F).

V

The arrangements outlined above shall enter into force retroactively on July 1, 1948, and shall remain in effect for four years from that date. Either party may request, within two months of the expiration of each annual period, a review of the provisions contained in any of the annexed documents, except as otherwise provided. This agreement, however, shall continue in full force and effect for four years except to the extent that both parties agree to modifications thereof.

DONE at Paris, in duplicate, in the English and French languages, this 16th day of September, 1948.

For the Government of the United States of America:

JEFFERSON CAFFERTY [SEAL]

For the Government of the Republic of France:

SCHUMAN [SEAL]

ROBERT LACOSTE [SEAL]

ANNEX A

Screen Quota

Consistent with Article IV of the General Agreement on Tariffs and Trade of October 30, 1947, the French Government declares that it will increase to five weeks per quarter the screen quota established by the Decree of August 17, 1946, regarding the exhibition in the French Union of motion picture films.

The present provisions will be applicable from July 1, 1948. In order to facilitate the application of the screen quota during the period July 1 to December 31, 1948, the quota will be calculated on the basis of this six-month period, i.e., ten weeks out of twenty-six will therefore be reserved to the projection of French films.

ANNEX B

Two-year Dubbing Rule

The French Government declares that, consistent with the treatment it will accord to the films of other nations, it will grant, as of July 1, 1948, for American feature-length films, exceptions up to a maximum number of twenty-four per year, to Article 5, paragraph 3, of the Decree of July 3, 1945, according to which there may not be a delay of more than two years between the date of the first public presentation of a film in its country of origin and the date of the dubbing authorization. On the other hand, this rule will not be applied to shorts.

ANNEX C

Fifteen-Situations Restriction

The French Government declares that it will, as of July 1, 1948, place in force the following provisions concerning the exhibition of films in original version:

I. Films which are released in both original and dubbed versions may be exhibited in five theaters in the Department of the Seine and in ten theaters in the other Departments.

II. Films released exclusively in the original version and for which an agreement has been made not to dub may be exhibited in ten theaters in the Department of the Seine and in twenty theaters in the other Departments.

ANNEX D

Allocation of Raw Stock

In an effort to meet more adequately the raw stock needs of the motion picture industry in France, the French Government declares that it has placed in effect as of July 1, 1948, the following provisions concerning the allocation of different categories of raw stock:

I. Only positive and negative 35 mm raw stock and 35 mm sound track are subject to allocation. The sale of other categories of raw stock is free.

II. Official allocation will be effected in the following manner:

A. Positive raw stock:

The allocation is assured:

1. By the Centre National de la Cinematographie directly, with respect to the requirements of French production and miscellaneous requirements (needs of the public administration, film libraries, etc.);

2. In accordance with the advice of a Committee for the Allocation of Raw Stock for the requirements of news-reels, distribution of French and foreign films, and exports. It is understood that the Committee will evaluate the over-all needs of export, the suballocation being effected by the Centre National de la Cinematographie. The Committee is composed of representatives of the following professional categories: Production, Distribution, Laboratories.

B. Negative raw stock and sound track:

Same as paragraph A. above, except that only the priority needs of French production will be met by the Centre National de la Cinematographie directly.

ANNEX E

Distribution Quota

Taking into account the outlay of foreign exchange which the exhibition of foreign films in France involves and the condition of the French balance of payments, and

Taking into account the provisions of Articles XII and XIII of the General Agreement on Tariffs and Trade,

The French Government has decided to take the following action:

Beginning July 1, 1948, the number of foreign feature-length films which will be authorized for distribution annually (during each year ending June 30) in the French Union in a version dubbed into the French language is fixed as follows:

Films originating in the United States of America: 121;

Films originating in other foreign countries: 65.

Whenever it appears that the French market is insufficiently supplied with films, there may be distributed a supplementary quota of imported films prorated on the basis of the figures given above.

ANNEX F

Financial Agreement

Reference is made to the exchange of letters between the Embassy of the United States of America and the Ministry of Finance, dated June 21, 1947, and July 1, 1947, respectively, which established (a) the amount of money accruing to certain American motion picture companies prior to June 30, 1947, which the Ministry recognized as transferable, and (b) the rate of exchange at which these funds would be transferred. The Government of the French Republic agrees that the amount of those funds and the rate of exchange are hereby confirmed and are not subject to the provisions for annual review contained in Section V of the Joint Declaration.

Although existing economic conditions prevented the transfers being effected on the dates agreed to in the above-mentioned letters, the Government of the French Republic considers that it is now in a position to permit the conversion of a limited amount of francs into dollars for the purpose of satisfying the claims of distributors of American films. Consequently, the Government of the French Republic has decided to establish (a) a new schedule for the liquidation of blocked balances which accrued up to June 30, 1947, (b) a schedule for the transfer of earnings since July 1, 1947, and (c) the conditions under which any remaining blocked francs may be utilized.

To this end the Government of the French Republic proposes and the Government of the United States agrees that:

I. Transfers resulting from repatriation by the American companies of receipts realized by them in the French Union will be limited to \$3,625,000 per year during a period of four years beginning July 1, 1948.

II. The annual transfer will be composed of two parts:

A. \$2,438,205 will be subject to transfer from the remainder of the sum of \$11,715,000 which the French Government agreed to transfer, against receipts accrued to the companies for the period ending June 30, 1947, in order that this remainder which amounts to \$9,752,820 will be entirely transferred at the end of the four-year period.

B. \$1,186,795 will be subject to transfer from receipts accruing to the companies for the period beginning July 1, 1947.

III. The annual remittance will be transferred in four equal installments, each of which will include one-fourth of that portion of the receipts accrued during the period ending June 30, 1947, which are subject to transfer annually, and one-fourth of that portion of the receipts accruing during the period beginning July 1, 1947, which are subject to transfer annually. Each quarterly payment will be made at the end of each budget quarter. The first transfer will take place on September 30, 1948. However, the sum of \$609,551, corresponding to the first installment of the receipts accrued dur-

ing the period prior to June 30, 1947, will, as a special exception, be paid in advance upon the signing of the present accord.

IV. Transfers of receipts accrued during the period ending June 30, 1947, will be made on the basis of the exchange rate of 119.30 francs per dollar. Transfers of receipts accruing during the period beginning July 1, 1947, will be made on the basis of the dollar exchange rate applicable to financial transfers on the date that the transfers take place.

V. The division of the quarterly payments on the amount accrued to the companies during the period ending June 30, 1947, will be effected on the basis of the allocation previously approved by the French Government. The division of the quarterly payments on amounts accruing to the companies during the period after July 1, 1947, will be made on the basis of the gross billings accruing to distributors of American films, as determined by a certified public accountant acceptable to the French Government and to the motion picture companies. Nevertheless, no individual company may transfer, either from receipts accrued before June 30, 1947, or accruing since July 1, 1947, more than the franc countervalue, as defined in Section IV above, of the funds it has on hand on the date the transfer takes place and provided those funds are recognized by the Office des Changes as transferable.

VI. The amounts in francs received by the companies during the period ending June 30, 1952, which have not been transferred under Sections I, II, III, IV and V above may be utilized as specified in Section VII.

VII. Upon application to the Office des Changes, companies will be permitted to use balances remaining in franc accounts for the following purposes within the franc zone:

A. Payment of transportation and other official expenses and salaries of employees of the companies, their affiliated production companies, companies or agents distributing their films, and the Motion Picture Association of America, who may be resident or visiting in the French Union.

B. Payment of any expense incurred incident to preparation of the companies' films for distribution wherever French language films are normally shown—such as expenses of dubbing, translating, subtitling, printing, advertising, and the purchase of any materials necessary for use in these operations.

C. Expenses incident to co-production in France of motion pictures, when approval has been first obtained from the Centre National de la Cinematographie; approval will not be unreasonably withheld. Revenue accruing from Franco-American co-production will be divided between the French partner and the United States partner on a percentage basis identical to that approved for the financing. Revenue accruing to the United States company outside the French Union will not be returnable to the account of the United States company in France, but will be freely disposable abroad by the United States company.

D. Purchase of any right to books, plays, and other literary or musical properties, and purchase of cinematographic patents, provided that any subsequent royalties due to the seller will be paid in the currency of the nation in which the royalties accrue.

E. Purchase of rights to motion pictures produced in France for distribution or sale throughout the world, excepting the franc zone, subject to the approval of the Centre National and the Office des Changes.

F. 1. Subject to the application of the existing French exchange regulations:

Purchase of long-term securities issued by the State or public bodies;

Purchase of French industrial securities, except securities connected with the cinematographic industry, unless special permission has been granted by the Centre National de la Cinematographie;

Investment in French industrial or commercial enterprises, except those connected with cinematographic industries, unless special permission has been granted by the Centre National de la Cinematographie;

Purchase, construction, renovation, leasing of developed or undeveloped real estate, except that purchase, leasing and building of theaters and laboratories, as well as the purchase and leasing of studios, is excluded. However, construction of new studios will be authorized.

2. Income accruing from investments authorized in paragraph 1 above will be transferable to the United States.

3. In cases of eventual transfer, the capital invested will be subject to the general provisions of French exchange regulations.

4. The interested parties will be entitled, after having invested their franc assets in one of the categories mentioned in paragraph 1 above, to liquidate these investments and to reinvest the proceeds in one of the other categories. This new investment will be subject to the same regulations which governed the original one.

G. Purchase of goods and materials for export where such export is deemed by the French Government to be beneficial to the French economy.

H. Contributions to charities designed for French relief.

I. Any other purpose specifically authorized by the Office des Changes.

VIII. Balances remaining in franc accounts will be freely transferable between France and North Africa.